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UNITED STATES DEPARTMENT OF AGRICULTURE  
Bureau of Agricultural Economics

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ATTITUDES OF IOWA AND ILLINOIS FARMERS  
TOWARD FARM PRICES

MEMORANDUM

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ATTITUDES OF IOWA AND ILLINOIS  
FARMERS TOWARD FARM PRICES

This memorandum presents the attitudes of 221 representative Iowa and Illinois farmers toward present farm prices. These attitudes were obtained in answer to two questions on a recent survey (as yet unpublished): "What do you think about farm prices now?" and "Do you think it would be a good idea for the prices of farm products to go much higher?" Most farmers needed little encouragement to answer and discuss these questions in some detail. Most of them presented not only their point of view, but also their reasons for holding it.

Eighty percent do not want  
general farm prices to go higher

Relatively little demand for higher prices is found among Illinois and Iowa farmers. Four-fifths of those interviewed indicated that they have no desire for farm prices in general to go higher than they are at present (Table 1), although about a quarter of these qualify their statements by mentioning conditions which they believe would justify future increases. Eighteen percent were obviously satisfied with the present level of prices but gave no specific reasons why prices should not go higher. Two such cases are illustrated in the following quotations:

"I'm tickled pink the way they are now. All farm prices are very good."

"I figure if I can't make money out of farming now, I'm doing the country an injustice by staying on the farm."

The reasons which other farmers give for keeping farm prices from going higher show that many farmers are thinking of their own welfare from a long-term point of view. Boom-time profits now might be very acceptable from one point of view, but they could not compensate for the drop which many farmers feel is the inevitable follow-up to abnormally high prices. Eighteen percent mentioned or described inflation as an undesirable consequence of higher prices, and an additional 12 percent mentioned the drop which could be expected to follow excessively high prices. The experience of many farmers with the post-war depression of 1921 and the post-boom depression of 1933 is evident in their answers. One gains the definite impression from the interviews with these farmers that they would sacrifice a great deal of temporary profit for long-term stability and security.

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Table 1: Attitudes Toward Present Price Level

Prices should not go higher

No reason specified	18%	)	
Higher prices will cause inflation	18	)	
If they go higher the drop later		)	58%
will be bad (like last war)	12	)	
Non-farm consumer suffers	8	)	
Other prices should come down	2	)	

Prices should not go higher - conditional

Unless prices of things purchased rise	17	)	
Unless labor costs on farm go higher	3	)	
Unless taxes go higher	1	)	22
Unless defense workers' wages go higher	1	)	

Prices should go higher

Because prices of things purchased have		)	
not been kept in line	10	)	
Because farm labor costs are so high	3	)	
Because defense workers get paid so much	1	)	17
In order to increase production	1	)	
In order to make it possible for farmers		)	
to pay debts	1	)	
No reason specified	1	)	

Not ascertainable

3  
100%

N=221

3

In addition to those farmers who oppose further price-rises on the basis of a long view of their own welfare, there is a smaller group which shows a genuine interest in the effects of high prices on non-farm consumers. For some, this concern about reduced consumption is in part concern about the reduced demand for what a farmer has to sell (rather illogical at the present time), but a number of farmers show an understanding of the effects of rising prices on those who live in cities on relatively fixed incomes.

Some of the reasons farmers give for not wanting price rises are illustrated in the following quotations:

"No sir, I don't! I think they're all right like they are. Some farmers would like to see hogs up to \$25 a hundred, but not for me.

"I always figure if prices go too high they'll have to drop later on. I don't want to go through again what I did a few years back, when we were just able to make expenses and a living off the farm and that was all. Maybe the corn farmers think different than I do about prices, but for a livestock farmer like me I think prices are high enough right now. If they'll keep prices at present levels it will be all right."

"No, I don't think prices should be any higher than they are now. This is no time for us to be making a lot of money; what we have to think about is getting enough food for the boys who are sacrificing a lot more than we are in the service."

(Do you think it would be a good idea for the prices of farm products to go much higher?)

"I don't believe it would because if they go much higher labor will want more money and if they get it then we will want more and that is the way it goes."

"Have you ever been drunk? Drunk so that you felt it the next morning? That's what happens when wages and prices start chasing each other around in a circle. It's a horse race and it's no good for anybody. I think it would be better if hogs was 12 cents. No, I don't want to see skyrocket prices."

Present satisfaction with prices  
depends for 22 percent on other  
conditions remaining the same

Although most farmers are satisfied with farm prices now, about a fifth of those interviewed indicated that their satisfaction with

present prices was contingent upon other prices and wages remaining in line. The parity concept was evident in their opinions. Most of their concern was about possible future increases in living and operating expenses. A future increase in the prices of things the farmers have to buy was most frequently mentioned as an adequate justification for future price rises. Farm labor costs were mentioned by three percent and a very small proportion mentioned taxes. A factor not directly related to farm expenditure, namely, increases in defense workers' wages, was mentioned as a justification for future farm price rises by only one percent of the respondents.

Seventeen percent want  
farm prices to go higher

Less than one-fifth of the farmers interviewed indicated a demand for higher farm prices. The reasons given for this demand largely involved the assertion that the conditions mentioned in the previous paragraph - prices of things a farmer purchases, farm labor costs, and defense workers' wages - were already out of line with farm prices. These three conditions are mentioned with almost equivalent frequencies by two groups. One indicates that if these factors get out of line, then farm price increases would be justified, while the second group demands price increases now, basing this demand upon the assertion that these conditions are now out of line with farm prices.

Quotations from farmers who want higher prices follow:

"According to everything else, it ought to be higher. I mean according to the stuff you have to buy and according to what people are getting in factories. Well, if they keep the other stuff down like I said, it don't make much difference. But if other things is raised, then the prices should go higher. There's too much difference now between what you've got to buy at the store and what raises the farmers got so far. People don't realize what it costs to farm. There are fellows in town who think it costs nothing to put our your crop and tend it."

"Well, I don't know. They could stand to go higher the way we have to buy things. That's one reason farmers are leaving the farm, because they can't pay enough to keep their hands on the farm."

"I think they ought to go higher unless they put the other stuff back equal with it."

The relationship between farm prices and other economic factors, especially those most directly affecting the farmer, is obviously playing a large part in the farmers' attitudes toward prices. However, it is clear that at present the opinion that farm prices are out of line with other prices is limited to relatively few farmers in Iowa and Illinois.

